

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 602 - HB 905

March 22, 2021

SUMMARY OF ORIGINAL BILL: Requires any public building constructed on or after January 1, 2022, or renovated on or after January 1, 2025, at an estimated renovation cost of \$10,000 or more, to contain at least one powered, height-adjustable changing table in a single occupancy restroom that is universal to gender and available to the public. Requires the location of such restroom to be conspicuously displayed at the entrance of the building, structure, or place of recreation which contains it.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures –

\$125,000/FY21-22/Facilities Revolving Fund

\$250,000/Each Year FY22-23 through FY23-24/

Facilities Revolving Fund

\$1,975,000/FY24-25/Facilities Revolving Fund

\$3,700,000/Each Year FY25-26 through FY32-33/

Facilities Revolving Fund

\$150,000/FY21-22/Locally-Governed Institutions

\$300,000/Each Year FY22-23 through FY23-24/

Locally-Governed Institutions

\$2,700,000/FY24-25/Locally-Governed Institutions

\$5,100,000/Each Year FY25-26 through FY32-33/

Locally-Governed Institutions

\$75,000/FY21-22/Tennessee Board of Regents

\$150,000/Each Year FY22-23 through FY23-24/

Tennessee Board of Regents

\$1,200,000/FY24-25/Tennessee Board of Regents

\$2,250,000/Each Year FY25-26 through FY32-33/

Tennessee Board of Regents

\$125,000/FY21-22/University of Tennessee

\$250,000/Each Year FY22-23 through FY23-24/

University of Tennessee

\$2,125,000/FY24-25/University of Tennessee

\$4,000,000/Each Year FY25-26 through FY32-33/

University of Tennessee

\$750,000/FY21-22/General Fund
\$1,500,000/Each Year FY22-23 through FY23-24/General Fund
\$12,900,000/FY24-25/General Fund
\$24,300,000/Each Year FY25-26 through FY32-33/General Fund

Increase Local Expenditures -

\$50,000/FY21-22*
\$100,000/Each Year FY22-23 through FY23-24*
\$775,000/FY24-25*
\$1,450,000/Each Year FY25-26 through FY32-33*

SUMMARY OF AMENDMENT (003907): Deletes and replaces language of the original bill to limit the requirements to only those public buildings containing 40,000 square feet or more.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures –

**\$150,000/Each Year FY24-25 through FY32-33/
Facilities Revolving Fund**

**\$675,000/FY24-25/Locally-Governed Institutions
\$1,350,000/Each Year FY25-26 through FY32-33/
Locally-Governed Institutions**

**\$375,000/FY24-25/Tennessee Board of Regents
\$750,000/Each Year FY25-26 through FY32-33/
Tennessee Board of Regents**

**\$675,000/FY24-25/University of Tennessee
\$1,350,000/Each Year FY25-26 through FY32-33/
University of Tennessee**

**\$375,000/FY24-25/General Fund
\$750,000/Each Year FY25-26 through FY32-33/General Fund**

Increase Local Expenditures -

**\$150,000/FY24-25*
\$300,000/Each Year FY25-26 through FY32-33***

Other Fiscal Impact – The number of public buildings containing at least 40,000 square feet will be constructed on or after January 1, 2022 is unknown. It is estimated that including a restroom of such standards in a new construction project will cost approximately \$50,000 per restroom.

Assumptions for the bill as amended:

- It is unknown how many public buildings containing at least 40,000 square feet, will be constructed in Tennessee on or after January 1, 2022.
- Construction of public buildings of such size are uncommon and require years of planning and labor to complete.
- Based on information provided by the Department of General Services (DGS), including a restroom of such standards in a new construction project will cost an estimated \$50,000 per restroom.
- It is also unknown how many public buildings containing at least 40,000 square feet may undergo renovations of \$10,000 or more on or after January 1, 2025.
- For the purposes of this analysis, the state's public buildings are divided into six categories as follows: (1) the Facilities Revolving Fund (FRF); (2) Locally Governed Institutions (LGI); (3) the Tennessee Board of Regents (TBR); (4) the University of Tennessee system (UT); (5) Other Agencies, which includes various other government departments and entities, and (6) Local Governments.
- It is assumed that a number equal to five percent of each category's total estimated existing portfolio of such buildings that will need upgrading will represent the number of new renovation projects of values of at least \$10,000 each year.
- Based on information provided by the Department of General Services (DGS), it is estimated that a renovation to an existing space to outfit a restroom to the required standards will cost \$150,000 per restroom.
- This analysis only projects expenditures over the next 10 years, FY21-22 through FY32-33.

Assumptions relative to the Facilities Revolving Fund:

- Based on information provided by DGS, there are an estimated 29 buildings in the FRF that will require updating.
- It is assumed that approximately 1 (29 x 5.0%) building will be renovated each year beginning January 1, 2025.
- Therefore, the total increase in annual expenditures to DGS is estimated to be \$150,000 (1 renovation x \$150,000) in each year FY24-25 through FY32-33 to the FRF for renovations.

Assumptions Relative to Locally Governed Institutions:

- Based on information provided by the LGI's, there are an estimated 181 buildings that will require updating.
- It is assumed that approximately 9 (181 x 5.0%) buildings will be renovated each year beginning January 1, 2025.
- Therefore, the total increase in annual expenditures to LGI's is estimated to be \$1,350,000 (9 renovations x \$150,000).
- Due to the January 1, 2025 effective date, the increase in state expenditures is estimated to be \$675,000 (\$1,350,000 x 50.0%) in FY24-25 and \$1,350,000 in each year FY25-26 through FY32-33 to the LGI's for renovations.

Assumptions relative to the Tennessee Board of Regents:

- Based on information provided by the TBR, there are an estimated 91 buildings that will require updating.
- It is assumed that approximately 5 ($91 \times 5.0\%$) buildings will be renovated each year beginning January 1, 2025.
- Therefore, the total increase in annual expenditures to the TBR is estimated to be \$750,000 (5 renovations \times \$150,000).
- Due to the January 1, 2025 effective date, the increase in state expenditures is estimated to be \$375,000 ($\$750,000 \times 50.0\%$) in FY24-25 and \$750,000 in each year FY25-26 through FY32-33 to the TBR for renovations.

Assumptions relative to the University of Tennessee:

- Based on information provided by UT, there are at least 180 buildings that will require updating.
- It is assumed that approximately 9 ($180 \times 5.0\%$) buildings will be renovated each year beginning January 1, 2025.
- Therefore, the total increase in annual expenditures to UT is estimated to be \$1,350,000 (9 renovations \times \$150,000).
- Due to the January 1, 2025 effective date, the increase in state expenditures is estimated to be \$675,000 ($\$1,350,000 \times 50.0\%$) in FY24-25 and 1,350,000 in each year FY25-26 through FY32-33 to UT for renovations.

Assumptions relative to Other Agencies:

- Various other state departments and agencies are outside the portfolio of the FRF, including but not limited to Environment and Conservation, Transportation, Military, Legislature, Education, and Agriculture.
- Based on information provided by DGS and other state agencies, there are an estimated 94 buildings that will require updating.
- It is assumed that approximately 5 ($94 \times 5.0\%$) buildings will be renovated each year beginning January 1, 2025.
- Therefore, the total increase in annual expenditures to the General Fund is estimated to be \$750,000 (5 renovations \times \$150,000).
- Due to the January 1, 2025 effective date, the increase in state expenditures is estimated to be \$375,000 ($\$750,000 \times 50.0\%$) in FY24-25 and \$750,000 in each year FY25-26 through FY32-33 to the General Fund for renovations.

Assumptions relative to Local Governments:

- According to the most recent report on Tennessee's infrastructure needs produced by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR), there are currently 173 renovation projects valued at \$10,000 or more needed on public buildings

throughout the state's 95 counties. It is assumed each of those projects represents one public building, and that each is of a local jurisdiction.

- It is unknown how many of those needed renovations pertain to buildings that contain at least 40,000 square feet. It is assumed that such buildings in most counties across the state are limited mostly to justice centers, community and convention centers, and schools. However, those buildings are often in need of renovations of a value of \$10,000 or more because of the amount of wear and tear they incur from high occupancy and/or purpose of use.
- Therefore, it is assumed that 20 percent, or 35 (173 x 20.0%), of the estimated 173 needed renovation projects pertain to buildings that contain at least 40,000 square feet.
- It is assumed that approximately 2 (35 x 5.0%) buildings will be renovated each year beginning January 1, 2025.
- Therefore, the total mandatory increase in annual expenditures to local governments is estimated to be \$300,000 (2 renovations x \$150,000).
- Due to the January 1, 2025 effective date, the mandatory increase in local expenditures is estimated to be \$150,000 (\$300,000 x 50.0%) in FY24-25 and \$300,000 in each year FY25-26 through FY32-33 to local governments for renovations.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/jj